

The oil conflict between the USA and Great Britain which has suddenly sprung up in the Near East has brought some astounding facts about the world's future raw material situation into the limelight.

LAND OF LIMITED POSSIBILITIES

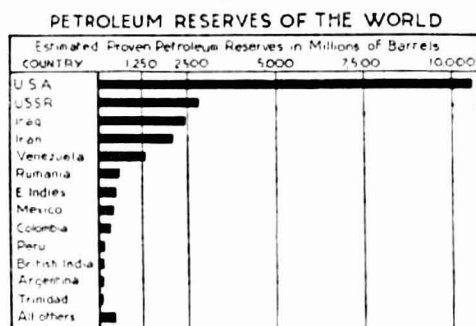
ON January 28, 1944, the *New York Times* announced that the US Government was planning, in conjunction with private capital, the greatest venture in the history of the oil industry by envisaging the construction of a system of oil pipes to connect the Persian Gulf with the Mediterranean.

A week later US Secretary of the Interior, Harold Ickes, in his capacity as President of the US State Petrol Reserves Corporation, announced that an agreement had been concluded between the US Government and two American oil companies (the Arabian American Oil Co., owned by the Standard Oil Company of California, and the Texas and Gulf Exploration Co., a subsidiary of the Gulf Oil Co.) for the exploitation of Near Eastern oil reserves. He informed the press that the US Government would build a pipeline system extending over 2,000 kilometers at an expected cost of US \$150,000,000. Ickes also stated that the US State Petrol Reserves Corporation would take over the building and upkeep of the pipe line, while the US Government would watch over the plan of operation. The building costs, with accrued interest, were to be repaid to the Government within 25 years. The US Government would have the right to buy the oil for military purposes at 25 per cent less than market value and to take over any desired quantity for a period of 50 years, in case of necessity even the entire production.

James Moffat, the former president of one of the largest American oil companies, in commenting on this scheme, explained that its realization would require half a million tons of steel which would have to be transported halfway round the world. A little later London was startled by reports from America that the actual plans of Washington went far beyond the construction of a pipe line, aiming toward the transfer of half the British oil resources in the Near East to the United States.

All these news reports and many additional rumors surrounding them gave rise to a great deal of excitement in the world and

nowhere more than in England. What had caused this pronounced interest of America in the oil fields of the Near East, which had hitherto been practically the monopoly of Great Britain? The world is so used to regarding America as the richest country in the world that to most people it came as a surprise when President Roosevelt, in his press conference of February 11, gave as the reason that America must turn elsewhere for additional supplies, as her own oil reserves are running low.



As a matter of fact, the limitations of the American oil reserves had been known for some time; but only as a result of the war and the tremendous requirements caused by it have these limits been endowed with acute political significance. In 1939 the National Resources Committee in Washington published a detailed study, *Energy Resources and National Policy*. This study revealed that the ascertained oil reserves of the United States amounted to about 11 billion barrels (1 barrel = 31½ gallons) which, at the rate of production prevailing at that time, would last until 1950. It went on to say that, by deeper drilling and new methods for exploring underground conditions, new supplies were likely to be discovered in the large areas in which they might possibly exist.

This prediction has been proved correct: new reserves have been found during the last five years. However, the extent of new oil reserves discovered each year is below the amount of oil produced, which was around 1 billion barrels per year before the war and is between 1.6 and 1.8 billion

barrels per year at present. In more than half of the United States the occurrence of oil is either impossible or very unlikely for geological reasons. In the remainder, new discoveries are possible in small localities but are probable in only very limited sections, most of which have already been well explored. All the promising and some of the less promising areas of the United States have been probed by nearly a million deep wells in the search for oil.

The Americans are thus facing an unpleasant situation: their oil resources are heading toward quick exhaustion because, as a result of their policy in the present war, they are supplying a large part of the world with oil. Quite naturally they feel that they are entitled to some compensation.

A glance at our chart, which is based on the figures supplied by the US National Resources Committee, shows that the Near East is the only area where such compensation can be found in sufficient quantity. Hence the American desire is: first, to obtain part of the oil needed in the present war from Near Eastern oil fields and, secondly, to secure titles to these fields for the period after the war.

Of course, America could shift over to the production of oil from her huge coal deposits, and eventually she is bound to follow the example set in this respect by Germany, a country with practically no oil fields of its own. But this would considerably increase the price of oil production and thus have an unfavorable effect on the standard of living in a country where everybody feels entitled to drive his own car. Hence the Americans wish to postpone that evil day as long as possible.

In this connection it is interesting to note that in several other fields, too, the extraordinary consumption caused by the war has raised the question of the limits of certain US raw materials. It has been estimated that the easily workable and profitable US deposits of lead and zinc will be exhausted within the next ten years.

Thus America would have to rely on deposits in Canada, Mexico, Australia, and Africa.

The USA deposits of bauxite are expected to be depleted by 1948, which fact has increased American interest in the bauxite deposits of Dutch and British Guiana and Brazil. There are several other minerals in which the USA has always had to rely on imports. Manganese is supplied to the States chiefly by Russia and Brazil. In 1939 imports amounted to US \$141,196,000. Rhodesia, Cuba, and India are the main suppliers of chromite. The USA's imports of nickel and nickel alloys from Canada in 1939 totaled US \$24,914,000. And finally there is antimony, which is imported from various countries, especially China and Mexico, as well as tin, which the USA must obtain from abroad.

In bringing out these facts, we do not wish to imply that the United States is facing an economic catastrophe. Far from it; America is still immensely rich. But the threatening depletion of certain essential raw materials is causing the Americans to be on the lookout for compensation elsewhere. And this "elsewhere" happens usually to be within the British sphere of influence.

How far this competition goes and how it reaches into fields practically unknown to the general public was recently revealed by W. Berge in New York's *Wall Street Journal*. Quebracho extract is an important ingredient used by the tanning industry. It is obtained from the wood of the red quebracho, a tree that grows in Argentina and Paraguay. By far the greatest producer of quebracho extract is the British Forestal Land, Timber, and Railway Co., Ltd., which uses its almost monopolistic position to the benefit of Britain in dealings with the USA. W. Berge suggests in his article that the United States should free herself of the British monopoly and points to the example of Germany who, even before the war, discovered a suitable substitute in the tannin contained in the bark of German oaks.

Smart Bog

A reluctant conscript faced the US Army oculist, who asked him to read a chart. "What chart?" asked the draftee. The doctor persevered: "Just sit down in that chair and I'll show you." "What chair?" asked the man.

Deferred because of bad eyesight, the draftee went to a nearby movie. When the lights came on, he was horrified to discover the oculist in the next seat. "Excuse me," said the conscript as calmly as he could, "does this bus go to Poughkeepsie?"